



This document is scheduled to be published in the Federal Register on 12/30/2013 and available online at <http://federalregister.gov/a/2013-31044>, and on FDsys.gov

Billing Code 4210-67
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 985

[Docket No. FR-5729-N-01]

**Partial Section Eight Management Assessment Program (SEMAP)
Indicator Waiver; Family Self-Sufficiency (FSS) Program Demonstration**

AGENCY: Office of Policy Development and Research and Office of Public and Indian Housing, HUD.

ACTION: Waiver.

SUMMARY: This document advises the public of a HUD regulation that has been temporarily waived in order to facilitate voluntary PHA participation in the FSS Program Demonstration.

The FSS Program Demonstration is a study using a random assignment methodology to evaluate the effectiveness of the FSS program. Specifically, this document announces a temporary, partial waiver to the SEMAP rating criteria at 24 CFR 985.3(o) (“Family self-sufficiency (FSS) enrollment and escrow accounts”), for PHAs with a mandatory Housing Choice Voucher (HCV) FSS program who are participating in the FSS Program Demonstration.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Regina Gray, PhD, Office of Policy Development and Research, Department of Housing and Urban Development, 451 7th Street, SW, Room 8132, Washington, DC, 20410; telephone number 202-402-2876 (this is not a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the toll-free Federal Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

The Family Self-Sufficiency (FSS) Program Demonstration is a random assignment study conducted under contract by MDRC¹ and its subcontractors to evaluate the effectiveness of the FSS program, as part of the Transformation Initiative.² The FSS program has operated since 1992 and its objective is to enable participating low-income families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. FSS program coordinators create plans with participating families to achieve goals and connect them with services that will enhance their employment opportunities. As the family's earnings increase, money is credited to an escrow account on behalf of the family. This study, unlike the two previous studies of the FSS program, will use a random assignment model to determine whether FSS program features, rather than the characteristics of the participating families, cause participant incomes to increase.

PHAs participating in the FSS Program Demonstration may experience unintended consequences due to the requirements for participation and the methodology of the study. For example, PHAs are required to recruit and screen about twice as many families as they would usually enroll in the program in a year, to maintain stable enrollment in the FSS program when only half of the families are randomly assigned to a treatment group (enrollment in FSS) and the other half are assigned to a control group (non-enrollment). In fact, PHAs may voluntarily increase the number of FSS participants they have because of the program demand resulting

¹ MDRC is a nonprofit, nonpartisan education and social policy research organization dedicated to learning what works to improve programs that affect low-income individuals. See <http://www.mdrc.org/about/about-mdrc-overview-0>.

² In the Consolidated Appropriations Act of 2010, Pub. L. 111-117, Congress enacted the Transformation Initiative, which made up to one percent of program funds available for (1) research, evaluation, and program metrics; (2) program demonstrations; (3) technical assistance; and (4) information technology. The Transformation Initiative was renewed under the full-year continuing appropriations act for FY 2011, Pub. L. 111-242. The Consolidated and Further Continuing Appropriations Act of 2012, Pub. L. 112-55, renewed the Transformation Initiative again, but designated a specific amount of money to remain available until September 30, 2014. The continuing appropriations resolution for 2013, Pub. L. 112-175, did not impose any additional limitations on the Transformation Initiative.

from the enhanced recruitment methods they are using and their commitment to the evaluative process.

In addition to the requirement to screen more families for participation in the FSS program than in the past and the option to enroll more participants, PHAs participating in the FSS Program Demonstration will have less control over which participants are enrolled in their FSS programs due to the random assignment of families to either the treatment or control group. If families enrolled in the FSS program by random assignment (as a result of a PHA's participation in the FSS Program Demonstration) accrue escrow balances at lower rates than previous cohorts of families, PHAs participating in the FSS Program Demonstration may experience a decreased rating on the Section 8 Management Assessment Program (SEMAP) performance indicator that specifically measures for the percentage of families with escrow balances.

SEMAP, through a four-page questionnaire, provides one way for PHAs to certify their performance to HUD on fourteen indicators. Under current regulations at 24 CFR part 985, the SEMAP Certification form (HUD-52648) must be submitted annually by all PHAs administering Section 8 tenant-based assistance programs. (Information collection requirements have been approved by the Office of Management and Budget under control number 2577-0215). Upon receipt of the certification, HUD rates the PHA's performance under each SEMAP indicator in accordance with 24 CFR 985.3.

As discussed above, there is a possibility that participating in the FSS Program Demonstration may result in a PHA having a lower percentage of families with escrow account balances than they otherwise would have had in their FSS program. This is problematic because

the indicator at 24 CFR 985.3(o)³, which corresponds to items 14a and 14b of the SEMAP Certification, awards a PHA a rating ranging from zero to ten points based on a combination of two components: (1) the percentage of mandatory FSS slots filled; and (2) the percentage of FSS families that have escrow account balances. This, in turn, may negatively impact a PHA's overall performance rating, as described in 24 CFR 985.103. The possibility of this outcome may deter PHAs from volunteering to participate in this important study. In order to ensure that PHAs will not be affected negatively by participation in the FSS Program Demonstration, HUD is partially waiving 24 CFR 985.3(o), as discussed below.

II. Partial Waiver of 24 CFR 985.3(o)

This document announces a partial waiver to the rating criteria of the “Family self-sufficiency (FSS) enrollment and escrow accounts” SEMAP indicator item discussed at 24 CFR 985.3(o)(3)(i)-(vi) for PHAs with a mandatory HCV FSS program, who are participating in the FSS Program Demonstration, effective from **[insert date of publication in the Federal Register]** through September 30, 2018. During only the second and third full reporting periods ending after the PHA's enrollment in the demonstration, PHAs meeting the aforementioned criteria may elect to have the SEMAP performance indicator for FSS enrollment and escrow accounts rated by omitting reference to the percent of FSS families with escrow balances (SEMAP indicator item 14b of form HUD-52648).⁴ Thus, the rating would be determined solely

³ Regulations at 24 CFR 985.3(o) are only applicable to PHAs with mandatory FSS programs.

⁴ For example, if a PHA enrolls in the FSS Program Demonstration in July 2013, and has a SEMAP reporting period of October 1 through September 30, the waiver would be applicable for October 1, 2014 through September 30, 2015 (the second full reporting period ending after the PHA's enrollment in the demonstration) and October 1, 2015 through September 30, 2016 (the third full reporting period ending after the PHA's enrollment in the demonstration). The waiver is not applicable to earlier reporting periods because the SEMAP score measures escrow among families with progress reports, and treatment group families generally will not have progress reports until the second full reporting period ending after the PHA's enrollment in the demonstration.

by the percentage of mandatory FSS slots that have been filled by the PHA, as reported in SEMAP indicator item 14a of form HUD-52648.⁵

In order to affirmatively elect to apply this waiver, a PHA participating in the FSS Program Demonstration must select “Check here if not applicable” under SEMAP indicator item 14b of form HUD-52648. PHAs participating in the demonstration that have a mandatory HCV FSS program⁶ must continue to report on item 14a and may not select “Check here if not applicable” under SEMAP indicator item 14a of form HUD-52648.

III. Authority to Grant Waivers

Under 24 CFR 5.110, HUD's regulations in 24 CFR may be waived upon a determination of good cause, subject to statutory limitations. A partial waiver of 24 CFR 985.3(o) was determined necessary to eliminate penalties that may be associated with voluntary participation in the FSS Program Demonstration.

IV. Findings and Certifications

Paperwork Reduction Act

The information collection requirements applicable to this waiver have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB Control Numbers 2528-0296 and 2577-0215. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number.

Environmental Impact

⁵ For example, if a PHA has filled 80 percent or more of its mandatory FSS slots, it will receive 10 points (24 CFR 985.3(o)(3)(i)), regardless of the percent of families with escrow account balances.

⁶ Some PHAs are required, by statute, to carry out a FSS program; see 42 USC 1437u.

This document does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this document is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

Date: December 19, 2013

Sandra Henriquez,
Assistant Secretary for Public and
Indian Housing

[5729-N-01]

[FR Doc. 2013-31044 Filed 12/27/2013 at 8:45 am; Publication Date: 12/30/2013]